

Iowa Power Fund Board
Meeting Minutes February 11, 2009
Grand View College
Humphrey Center
Des Moines, Iowa

Call to Order:

Fred Hubbell, chair, called the meeting to order at 10:00 A.M. He acknowledged a quorum.

Member	Present	Absent	Member	Present	Absent
Voting Members			Ex-Officio Members		
Fred Hubbell, Chair	X		Gregory Geoffroy	X	
John Bilsten		X	Bill Giddings	Bill McAnally	
Peter Hemken	X		Kent Henning	X	
Patricia Higby	X		Senator Hubert Houser	X	
Carrie LaSeur	X		Senator Roger Stewart		X
Richard Leopold	X/Aaron		Rep. Nathan Reichert		X
John Norris	Joan		Rep. Chuck Soderberg	X	
Bill Northey	X		Due Diligence Committee	Present	Present
Lucy Norton	X		Tom Barton	Franklin Codel	
Mike Tramontina	X		Ted Crosbie	Vern Gebhart	
Thomas Wind, V-Chair		X	Curt Hunter	Fred Hubbell	X
			Patricia Higby	Roya Stanley	X

OEI staff in attendance: Roya Stanley, Jennifer Wright, Brian Crowe, Jessica Zopf, Sherry James

Approval of Agenda:

Ms. Higby requested to add "Energy Survey" to the agenda. Mr. Hubbell reported this could be discussed under committee reports.

Action: Mr. Hemken moved, Mr. Northey seconded, to approve the agenda as presented. All members present voted "aye".

Approval of Minutes:

Ms. Higby reported that during the discussion of the GEMS program during the January 14 meeting, it was her understanding that the GEMS website doesn't list all of the state agencies and their grant offerings. She requested this be reworded to say that in the future, this site will allow Iowans an opportunity to apply for the state agency's grants and will be an excellent source of notifying the public.

Action: Ms. Norton moved, Mr. Hemken seconded, to approve the January 14, 2009 Power Fund Board minutes as amended. All members present voted "aye".

Chair's Remarks:

Chair Fred Hubbell had no remarks.

Director's Remarks:

Director Roya Stanley reported the POET contract had been finalized late the evening before and it would be presented to the board for consideration at this meeting. She thanked Senator Houser for attending the meeting during the busy legislative session. She reported she has met with many subcommittees and reviewed the Annual Energy Plan as well as the projects that have received funding from the Power Fund to date. Ms. Stanley reported there have been many telephone conversations with the DOE in preparation for the stimulus package and what projects Iowa would have that are "shovel ready" and how Iowa can best capitalize on the bill. It is expected that there will be funds for Iowa to invest on renewable energy and energy efficiency.

Public Comments:

Ms. Ulrike Passe, assistant professor of the architecture department at Iowa State University, presented to the Board and expressed her support for the Green and Main project that the board would have the opportunity of hearing as a full application.

Committee Reports:

Administrative Rules: Ms. Wright reported the administrative rules were filed as "notice of intended action" following approval at the January board meeting. The public comment period will expire on March 3 and the final rules are expected to be on the March 11 Power Fund Board agenda for final adoption.

Ad Hoc Task Force – Ms. Higby reported the survey results and executive summary have been sent to OEI and she requested they be made available to the board members and legislators. Mr. Crowe reported that he had requested UNI give an oral presentation to the Board and present the survey. He reported he had been in contact with the project manager for this project and requested a more detailed executive summary to include more analysis for the OEI to use for office functions. Ms. Higby requested the raw data be sent.

There was discussion regarding the report being made available to the board members prior to it being posted on the website for the general public. There was also discussion regarding a press release going out the same time as it was posted on the website. Ms. Higby requested the raw data be made available to the legislators at the same time it was to the board members. Ms. Higby reported this information was politically a good thing for the board to do and was important information for the legislators as well as the general public. Senator Houser reported that most legislators would prefer a one page summary of the report versus the raw data or a five page summary. He suggested the full summary and report could be sent to the key staff members.

Mr. Hubbell requested the executive summary be made available to the board members and legislators for their review and then a formal presentation given at the March board meeting with the summary posted on the website following that meeting.

Due Diligence: Director Stanley reported the DDC would meet on February 25th with approximately nine pre-applications and two full applications to be review. One pre-application, Cedar Rapids Cogeneration Feasibility Study, was received after the deadline but due to the timeliness of the project, OEI staff waived the deadline and it will be reviewed at the DDC meeting on the 25th. Monica Vernon, Cedar Rapids City Council, presented to the Board and explained the pre-application was requesting funds for a feasibility study that would determine a path for implementing a solution to critical, post-flood energy system issues in Cedar Rapids. This will be done through the completion of a detailed assessment to develop the business and technical basis for the creation of a renewable cogeneration solution for downtown Cedar Rapids. The project will identify and integrate local fuel sources including

the abundant biomass from Cedar Rapids industries and city operations to create a true community model for green energy development.

Plan

Director Stanley reported that Mr. Leopold offered DNR staff assistance to work with OEI staff to do a cross-walk with the various plans relative to utilities, climate, etc. They are currently working thru the plans and creating a summary. It is a goal to have the first draft available for review in three weeks.

Application

Nothing to report.

Projects Update

Chairman Hubbell reviewed the Iowa Power Fund Project Summary List regarding the remaining budget. There was discussion regarding a short update paragraph on each of the projects since the contracts were approved. This would be posted on the website, unless there was confidential information.

Ms. Stanley reviewed the suggested targets for FY 08 and FY 09. She also reviewed the projected remaining budget FY 09.

There was a procedural discussion regarding whether an application started over again with DDC once it was tabled by the board. It was the consensus that if it was filed as a new pre-application it would go thru the process beginning with DDC; however, if it is a tabled full application it would go back to the full Board with changes for consideration.

Term Sheets

Director Stanley reported there was one term sheet for the Board's consideration. Director Stanley reminded the Board that the term sheets do not come to the board for consideration until the terms have been approved by the applicant. The term sheet then in-turn helps create the final contract, which also goes before the board for final consideration. Should there be any modifications to the contract from the term sheet, these will be pointed out to the board.

08-02-1043 – Green Plains Renewable Energy, Inc & BioProcess Algae, LLC

Mr. Crowe reported this application is a review of an updated original application. The project's description was construction, commissioning, and operation of the test systems; evaluation of downstream process options; and revision of the project engineering and financial analysis of the full scale project.

Senator Houser reported there is some prediction of commercial algae production in the near future.

There was discussion regarding the cash payments to OEI, per licensing agreement sale or installation of a commercial-scale algae bioreactor (400,000 metric tonnes per year including algae and oil) at a Green Plains Renewable Energy ethanol facility in the amount of \$208,500. Mr. Hubbell reported 400,000 metric tonnes was too large of a system and expressed concern about the incremental payments for smaller scaled units. Staff will work with the company to revise terms to collect costs from incremental sized projects.

Action: Mr. Bilsten moved, Mr. Leopold seconded, to accept the negotiation committee's recommendation and approve an award to Green Plains Renewable Energy, Inc & BioProcess Algae, LLC in the amount of \$2,085,000 on the terms and conditions described in the Term Sheet as presented. A roll call vote resulted as follows: Northey, abstained; LaSeur, yes; Hubbell, yes; Conrad, yes; Norton, yes; Tramontina, yes; Higby, yes; Hemken, yes; Leopold, yes. Motion carried.

Contracts

#09-IPF-03 – POET, Project Liberty Melanie Johnson, DED, reviewed the contract. Mr. Jim Sturdevant, POET project manager, reviewed the details of the project. There was much discussion regarding the length of the contract past the replication decision date as well as what happens if there is a decision not to replicate.

After further discussion with POET's legal team, Ms. Johnson reported there was some misunderstanding about the 7 year timeframe to replicate and receive payback and they would need more time to negotiate.

Mr. Hubbell reported a special Power Fund board meeting would be scheduled within the next few weeks to consider the revised contract.

Public Comment

Director Tramontina introduced Chris Sackett, Brown Winick Law Firm, and Charlie Sharp, CEO of Heartland Energy Solutions. Mr. Sharp reviewed plans for a wind project started in Mount Ayr with DED funding. He also reviewed the market for this product in Iowa and in the nation.

Contracts

#09-IPF-09 – TPI Iowa, LLC, Inc. Melanie Johnson, DED, reviewed the contract. Ms. Higby questioned page 12, Article 8.6 (d) as to why OEO would restrict the recipient from publishing reports. Ms. Johnson reported this is standard contract language that simply requires the recipient to notify OEI of the report; it in no way restricts them from publishing or distributing the reports.

Action: Mr. Northey moved, Mr. Tramontina seconded, to approve the contract for TPI Iowa, LLC, Inc. in the amount of \$2,100,000 as presented. A roll call vote resulted as follows: Northey, yes; Hemken, yes; Higby, yes; Norton, yes; Brees, yes; Conrad, yes; Tramontina, yes; Hubbell, yes. Motion carried.

Full Applications

Cornerstone BRAD, LLC

Mr. Crowe reported The Cornerstone BRAD, LLC full application was presented to the board in September and was tabled at that time due to the economy and cost overruns. The application is asking for \$5M loan and \$2.5M grant for a total of \$7,500,000. This project will produce gas through anaerobic digestion of agricultural biosolids. Agricultural biosolids are material from an agricultural source, free of toxic compounds, which through anaerobic digester will produce methane gas. This material includes: porcine, bovine, equine, ovine and avian manure, animal renderings including blood and grease, food processing scraps and waste, bakery scraps and agricultural energy crop waste such as distiller's grain, glycerin from biodiesel plants, and sugars from beet processing plants.

There was much discussion regarding the amount of funding available for the remainder of the FY'09 until the next appropriation. Several board members expressed concern regarding the remaining budget and the start of the next fiscal year's funding.

Action: Mr. Hemken moved, Mr. Tramontina seconded, to negotiate the \$2.5 million grant request with success payments and not award any funding towards the \$5 million at this time. A roll call vote resulted as follows: Hubbell, yes to negotiate; LaSeur, yes to negotiate; Brees, yes to negotiate;

Higby, yes to negotiate; Norton, yes to negotiate; Conrad, yes to negotiate; Hemken, yes, to negotiate; Tramontina yes to negotiate. Motion carried.

Negotiating team is Peter Hemken, Bill Northey, Mike Tramontina and Fred Hubbell.

Green & Main - Indigo Dawn, LLC

Mr. Crowe reported Green & Main - Indigo Dawn, LLC, was tabled in September and the negotiating committee worked with the applicant to make a viable project. This project teams with experts in the design, energy and building industries to develop a common place two-story brick masonry building into a prototypical site for sustainable best practices that will inform Iowans about carbon reduction, energy efficiency, options in renewable energy and a host of other conservation practice support and inform Iowa's Energy Plan.

Action: Ms. LaSeur moved, Ms. Higby seconded, to negotiate the \$25,000 upfront money and direct the remaining \$175,000 be considered contingent upon the education component and the completion of the contract. A roll call vote resulted as follows: Hubbell, yes to negotiate; LaSeur, yes to negotiate; Brees, yes to negotiate; Higby, yes to negotiate; Norton, yes to negotiate; Hemken, yes, to negotiate; Tramontina, no. Motion carried.

Negotiating team appointed was Carrie LaSeur, Pat Higby and Fred Hubbell.

Application Committee: There was nothing to report.

Public Comments:

There was no public comment.

Other Business:

There was further discussion regarding how to best handle the remaining applications; wait till June and review all remaining applications, continue moving forward and make awards contingent upon the department receiving funding. Mr. Hubbell directed that OEI staff review all of the projects and determine those needing more match money. Ms. Norton suggested a report showing "this is where we are and this is what we should do."

Adjournment:

There being no further business to discuss at this time, Mr. Hemken moved, Ms. Norton seconded, the meeting be adjourned at 4:15 P.M. All members present voted "aye".

Fred Hubbell, Board Chair

Sherry James, Recording Secretary